

Community Legal Assistance Services for Saskatoon  
Inner City Inc. o/a CLASSIC

Financial Statements

March 31, 2019



**HOUNJET TASTAD HARPHAM**

— Chartered Professional Accountants —

**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**MARCH 31, 2019**

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## INDEPENDENT AUDITORS' REPORT

To the members of:

Community Legal Assistance Services for Saskatoon Inner City Inc. o/a CLASSIC

### Opinion

We have audited the financial statements of Community Legal Assistance Services for Saskatoon Inner City Inc. o/a CLASSIC, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.





As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

June 11, 2019  
Saskatoon, Saskatchewan



**CHARTERED PROFESSIONAL ACCOUNTANTS**



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>REVENUE</b>		
Donations (Note 7)	\$ 123,531	\$ 81,108
Fees for service	1,250	3,952
Fundraising	8,369	32,690
Grants (Note 8)	746,916	708,117
Interest	3,749	3,251
Sponsorships (Note 9)	<u>20,860</u>	<u>26,900</u>
	<u>904,675</u>	<u>856,018</u>
<b>EXPENDITURES</b>		
Advertising and promotion	3,067	2,796
Amortization	12,723	12,361
Disbursements	548	463
Equipment rental	-	2,467
Fees and dues	11,674	13,966
Fundraising	8,322	10,335
Gala expense	-	16,390
Honorariums	3,012	2,216
Information technology support	25,602	23,402
Insurance	2,071	1,833
Loss on disposal of capital assets	1,083	-
Interest and bank charges	233	254
Meetings	2,659	3,257
Office rent	65,393	65,778
Office supplies	15,777	14,174
Professional fees	15,206	10,301
Project ID expenses	13,226	7,236
Repairs and maintenance	21,019	18,707
Salaries and benefits	523,129	529,314
Strategic planning	20,950	7,044
Telephone	8,979	8,922
Training and seminars	7,707	2,819
Utilities	<u>10,449</u>	<u>10,109</u>
	<u>772,829</u>	<u>764,144</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<u>131,846</u>	<u>91,874</u>

(see accompanying notes)



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>INTERNALLY RESTRICTED NET ASSETS</b>		
Balance, beginning of year	\$ 323,342	\$ 313,091
Transfer from unrestricted net assets (Note 2)	<u>108,798</u>	<u>10,251</u>
	<u>\$ 432,140</u>	<u>\$ 323,342</u>
<b>UNRESTRICTED NET ASSETS</b>		
Balance, beginning of year	\$ 292,294	\$ 210,671
Transfer to internally restricted net assets	(108,798)	(10,251)
Excess of revenue over expenditures	<u>131,846</u>	<u>91,874</u>
	<u>\$ 315,342</u>	<u>\$ 292,294</u>

(see accompanying notes)



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>CASH PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 131,846	\$ 91,874
Items not involving cash:		
Amortization	12,723	12,361
Loss on disposal of capital assets	<u>1,083</u>	<u>-</u>
	145,652	104,235
Net change in working capital:		
Accounts receivable	(60,000)	26,207
Grants receivable	10,000	-
GST receivable	(681)	(206)
Prepaid expenses	(395)	902
Accounts payable and accrued liabilities	1,470	1,600
Deferred revenue	<u>(18,985)</u>	<u>18,383</u>
	<u>77,061</u>	<u>151,121</u>
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in short term investments	204,844	(132,443)
Decrease in investments	-	90,879
Additions to capital assets	<u>(28,223)</u>	<u>(4,879)</u>
	<u>176,621</u>	<u>(46,443)</u>
<b>INCREASE IN CASH</b>	253,682	104,678
<b>CASH, beginning of year</b>	<u>448,984</u>	<u>344,306</u>
<b>CASH, end of year</b>	\$ <u><u>702,666</u></u>	\$ <u><u>448,984</u></u>
<hr/>		
<b>CASH IS REPRESENTED BY:</b>		
Cash - unrestricted	\$ 270,526	\$ 295,437
Cash - restricted	<u>432,140</u>	<u>153,547</u>
	\$ <u><u>702,666</u></u>	\$ <u><u>448,984</u></u>

(see accompanying notes)





**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2019**

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash - unrestricted	\$ 270,526	\$ 295,437
Cash - restricted	432,140	153,547
Investments - restricted	-	204,844
Grants receivable (Note 3)	60,000	10,000
GST receivable	4,902	4,222
Prepaid expenses	<u>5,681</u>	<u>5,286</u>
	773,249	673,336
<b>TANGIBLE CAPITAL ASSETS</b> (Note 4)	31,850	17,432
<b>DEPOSITS</b>	<u>2,631</u>	<u>2,631</u>
	<u>\$ 807,730</u>	<u>\$ 693,399</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 10,700	\$ 9,230
Deferred revenue (Note 5)	<u>49,548</u>	<u>68,533</u>
	<u>60,248</u>	<u>77,763</u>
<b>NET ASSETS</b>		
<b>UNRESTRICTED NET ASSETS</b>	315,342	292,294
<b>INTERNALLY RESTRICTED NET ASSETS</b> (Note 6)	<u>432,140</u>	<u>323,342</u>
	<u>747,482</u>	<u>615,636</u>
	<u>\$ 807,730</u>	<u>\$ 693,399</u>

**APPROVED ON BEHALF OF THE BOARD:**

*Lynna Latta*, Director  
*Michael...*, Director

(see accompanying notes)





**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

The organization was incorporated under the laws of the Non-profit Corporations Act of the Province of Saskatchewan on March 31, 2006. It became a registered charity under the provision of the Canada Revenue Agency effective February 2, 2007. The main purpose of the organization is to provide legal services to low income individuals.

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the organization are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

**Financial instruments**

Financial assets and liabilities are recognized when the organization becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are derecognized when the rights and obligations to receive or repay cash flows from the assets and liabilities have expired or have been transferred and the organization has transferred substantially all the risks and rewards of ownership.

The organization initially measures all its financial assets and financial liabilities at fair value and subsequently at amortized cost except for marketable securities, which are recorded at fair value. Changes in fair value are recognized in the statement of operations. Financial assets are tested for impairment at the end of each reporting period when there are indicators the assets may be impaired.

**Income taxes**

The organization is incorporated as a not-for-profit organization; therefore, its earnings are not subject to income tax and no provision has been made for them in these financial statements.

**Contributed materials**

The organization recognizes donated goods as revenue at their fair value when the goods are donated, the organization would have otherwise purchased the goods, and the goods are expected to be used in the normal course of operations and management believes the fair value can be reasonably determined.

**Contributed services**

Volunteers assist the organization in carrying out its service delivery activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

**Estimates**

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reported period. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they became known.

**Recognition of revenue**

The organization follows the deferral method of accounting for contributions, which include donations and grants. Grants are recognized as revenue when the related expenses are incurred. Donations are recorded when received. Revenue from fundraising activities are recorded when the event occurs or when they are considered receivable. All other revenue is recognized when earned.



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A CLASSIC**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Tangible capital assets and amortization**

Tangible capital assets are recorded at cost. Normal maintenance and repair expenditures are expensed as incurred. Amortization is recorded using the following rates and methods:

	<u>Rate</u>	<u>Method</u>
Computer equipment	45%	Declining balance
Equipment	20%	Declining balance
Leasehold improvements	5 years	Straight line
Office equipment	20%	Declining balance

In the year of acquisition, assets are amortized at half of the above rates. No amortization is charged in the year of disposal.

**2. TRANSFER OF FUNDS**

The transfers between funds represents the interest earned on the accounts and other amounts approved by the board.

**3. GRANTS RECEIVABLE**

	<u>2019</u>	<u>2018</u>
Saskatchewan Justice	\$ <u>60,000</u>	\$ <u>10,000</u>

**4. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2019</u>	<u>Net 2018</u>
Computer equipment	\$ 50,310	\$ 28,284	\$ 22,026	\$ 13,383
Equipment	591	417	174	218
Leasehold improvements	16,861	14,001	2,860	1,368
Office equipment	14,216	7,426	6,790	2,463
	<u>\$ 81,978</u>	<u>\$ 50,128</u>	<u>\$ 31,850</u>	<u>\$ 17,432</u>



**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

**5. DEFERRED REVENUE**

	<u>2019</u>	<u>2018</u>
Affinity Credit Union	\$ 7,500	\$ -
Community Initiative Fund (Legal Advice Clinic)	13,750	13,750
Community Initiative Fund (Walk-In Advocacy Clinic)	13,750	13,750
Government of Canada	3,010	-
Law Foundation of Ontario	2,500	7,500
Law Society of Saskatchewan	-	20,000
Merlis Belsher Fund	1,528	1,250
New Community Credit Union	-	2,700
University of Saskatchewan - College of Law	<u>7,510</u>	<u>9,583</u>
	<u>\$ 49,548</u>	<u>\$ 68,533</u>

**6. INTERNALLY RESTRICTED NET ASSETS**

The purpose of the contingency fund is to enable the organization to meet its obligations in the case of shortfall, emergencies, equipment replacement, or windup of the organization as approved by the Board.

The purpose of the Nutrien lease fund is to enable the organization to meet its lease commitments. It was established by a one time donation from Nutrien and designated donations. Since that time, CLASSIC has added to this fund from unrestricted net assets obtained through fundraising efforts when possible.

	<u>2019</u>	<u>2018</u>
Contingency fund	\$ 277,050	\$ 169,795
Nutrien lease fund	<u>155,090</u>	<u>153,547</u>
	<u>\$ 432,140</u>	<u>\$ 323,342</u>

**7. DONATIONS**

	<u>2019</u>	<u>2018</u>
Anonymous donor	\$ 58,000	\$ 58,000
Canada Helps	33,577	13,763
Receipted donations	17,710	6,351
Unreceipted donations	<u>14,244</u>	<u>2,994</u>
	<u>\$ 123,531</u>	<u>\$ 81,108</u>





**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
CLASSIC**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

**8. GRANTS**

	<u>2019</u>	<u>2018</u>
Affinity Credit Union	\$ -	\$ 10,000
B'Nai Brith Lodge 739	5,000	-
City of Saskatoon	16,500	16,500
Community Initiatives Fund (Legal Advice Clinic)	25,000	23,500
Community Initiatives Fund (Walk-In Advocacy Clinic)	25,000	25,000
Law Foundation of Ontario	50,000	37,500
Law Foundation of Saskatchewan	350,000	285,000
Law Society of Saskatchewan	20,000	-
Merlis Belsher Fund	18,059	-
New Community Credit Union	2,700	2,700
Nutrien	3,000	-
Saskatchewan Justice	100,000	100,000
United Way	39,464	65,000
University of Saskatchewan - College of Law	92,193	142,917
	<u>\$ 746,916</u>	<u>\$ 708,117</u>

**9. SPONSORSHIPS**

	<u>2019</u>	<u>2018</u>
Affinity Credit Union (Project ID)	\$ 7,500	\$ -
Sponsorship for fundraisers	13,360	26,900
	<u>\$ 20,860</u>	<u>\$ 26,900</u>

**10. ECONOMIC DEPENDENCE**

The organization is dependant on grant funding to provide its programs and to cover administrative expenses. The majority of the funding comes from single-year contracts. This lack of certainty in funding makes it difficult to plan for the future. In the current fiscal year, the Law Foundation of Saskatchewan has provided funding of \$350,000. This constitutes 39% of the organization's total revenue. This funding is approved annually.

**11. REAL ESTATE CONTRACTUAL OBLIGATIONS**

The organization leases its premises in Saskatoon. This lease expires on April 30, 2021. The base rent payments due in each of the next three years are as follows:

2020	\$ 65,221
2021	65,867
2022	5,488





**COMMUNITY LEGAL ASSISTANCE SERVICES FOR SASKATOON INNER CITY INC. O/A  
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**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2019**

**12. FINANCIAL RISK MANAGEMENT**

Management has established policies and procedures to manage risk relating to financial instruments, with the objective of minimizing any adverse effects on financial performance. The organization measures and monitors risk throughout the year. A brief description of management's assessment of these risks is as follows:

*Credit risk*

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the organization. It is management's opinion that the organization is not significantly exposed to credit risk.

*Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair values of financial instruments. It is management's opinion that the organization is not significantly exposed to interest rate risk.

*Liquidity risk*

Liquidity risk is defined as the risk that the organization may not be able to settle or meet its obligations as they come due. In actively addressing liquidity risk, the organization applies appropriate measures to ensure it will have sufficient working capital available to meet its obligations.

*Changes in risk*

There are no significant changes to financial risk from the prior year.

**13. COMPARATIVE STATEMENTS**

Certain accounts from the prior year's financial statements have been reclassified for comparative purposes.

